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SUBJECT: DEMARCHE DELIVERED: ENCOURAGING CENTRAL
GOVERNMENT BUDGET TRANSPARENCY

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¶1. Econcouns delivered ref A points on October 15 jointly to the Ministry of Finance's Chief of Staff, Georges Wembi Loambi, and the Ministry of Budget's Deputy Chief of Staff, Onesime Kukatula. Neither GDRC official was aware of the restrictions contained in the FY 2009 Appropriations Act concerning budget transparency, but spoke at length regarding continuing efforts by the GDRC to improve both budget transparency and overall public financial management.

¶2. (SBU) Kakutula provided EconCouns with an extensive overview of the budget formulation and execution process, stressing that transparency was ensured through a number of instruments and policies. The budget, Kakutula noted, has its basis in the DRC's broader development framework, including the government's Poverty Reduction Strategy Paper (PRSP) and President Kabila's Cinq Chantiers (or priority areas). These in turn are implemented through the GDRC's Priority Action Plan (PAP). This framework was developed in coordination with international partners and civil society. The drafting of the budget, overseen by the Ministry of Budget, includes participation from all stakeholders: ministries, other public agencies, and civil society. Information on the draft budget is available through a number of public documents, including manuals and circulars that explain the procedures. In addition, a general summary of the draft budget (Expose General du Project du Budget de L'Etat, in French) is published annually and widely available.

¶3. (SBU) Once approved by the Council of Ministers, the budget is submitted to the National Assembly for debate. (Note: Opposition members raised tough questions of the Prime Minister about the execution of the 2009 budget during this year's National Assembly debate on the budget. Post will report septel on the draft 2010 budget. End note.) The budget is publically available both in print form and on the Ministry of Budget's website. The Ministry of Budget is required by law to submit quarterly reporting on the execution of the budget to the National Assembly.

¶4. (SBU) Improving the transparency and efficiency of public financial management remains a priority for the GDRC. In early 2009, the GDRC launched an inter-ministerial Working Group on Public Finance Reform (Comite d'Orientation des Reformes des Finances Publiques or COREF, in French) to support the implementation of key public finance reforms. A number of donors, led by the World Bank, are supporting enhanced public financial management, including improved budget transparency and execution. In addition, the IMF is working closely with the GDRC to improve public spending, which is reported monthly to the IMF. A coordination committee has been established by the Ministry of Finance and the Congolese Central Bank to ensure harmonization of expenditures. A number of specific reforms to improve public financial management, including specific actions on budget formulation and execution, will be included in a new IMF Poverty Reduction and Growth Facility (PRGF), now

anticipated to be approved in November.

15. (SBU) Comment: The GDRC, with support from donors, has taken a number of important steps to improve the public financial management, including enhanced transparency and efficiency of the budget process. The Deputy Chief of Staff is correct to note that the budget is publically available and that the process is largely participatory. The challenge within public financial management lies more with the government's limited capacity to effectively execute the budget as well as coordinate among what is an unwieldy bureaucracy. These are areas where donors, including the United States, continue to support the GDRC in its efforts to implement these critical reforms.
End comment.